

MOLSON COORS BREWING CO

FORM 10-Q (Quarterly Report)

Filed 11/10/1999 For Period Ending 9/26/1999

Address	P.O. BOX 4030, MAIL #NH375 GOLDEN, Colorado 80401
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CIK	0000024545
Industry	Beverages (Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	12/28

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For Quarter ended September 26, 1999

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

Commission file number 0-8251

ADOLPH COORS COMPANY

(Exact name of registrant as specified in its charter)

COLORADO
(State or other jurisdiction of
incorporation or organization)

84-0178360
(I.R.S. Employer Identification No.)

Golden, Colorado
(Address of principal executive offices)

80401
(Zip Code)

303-279-6565
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered
None None

Securities registered pursuant to Section 12(g) of the Act:

Class B Common Stock (non-voting), no par value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant: All voting shares are held by Adolph Coors, Jr. Trust.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of November 3, 1999:

Class A Common Stock - 1,260,000 shares Class B Common Stock - 35,599,759 shares

PART I. FINANCIAL INFORMATION (UNAUDITED)

Item 1. Financial Statements

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Thirteen weeks ended	
	September 26, 1999	September 27, 1998
	(In thousands, except per share data)	
Sales - domestic and international	\$651,054	\$602,690
Less: beer excise taxes	107,029	103,330
Net sales	544,025	499,360
Cost of goods sold	320,538	309,993
Gross profit	223,487	189,367
Marketing, general and administrative	184,305	156,354
Special charges	5,705	19,395
Operating income	33,477	13,618
Other income - net	2,173	1,269
Income before income taxes	35,650	14,887
Income tax expense	13,814	5,806
Net income	\$ 21,836	\$ 9,081
Net income per common share - basic	\$ 0.59	\$ 0.25
Net income per common share - diluted	\$ 0.58	\$ 0.24
Weighted average number of outstanding common shares - basic	36,747	36,218
Weighted average number of outstanding common shares - diluted	37,433	37,474
Cash dividends declared and paid per common share	\$ 0.165	\$ 0.150

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Thirty-nine weeks ended	
	September 26, 1999	September 27, 1998
	(In thousands, except per share data)	
Sales - domestic and international	\$1,867,579	\$1,758,597
Less: beer excise taxes	308,124	303,148
Net sales	1,559,455	1,455,449
Cost of goods sold	908,140	882,110
Gross profit	651,315	573,339
Marketing, general and administrative	520,301	460,681
Special charges	5,705	19,395
Operating income	125,309	93,263
Other income - net	5,382	2,483
Income before income taxes	130,691	95,746
Income tax expense	50,643	37,341
Net income	\$ 80,048	\$ 58,405
Net income per common share - basic	\$ 2.18	\$ 1.61
Net income per common share - diluted	\$ 2.14	\$ 1.56
Weighted average number of outstanding		

common shares - basic	36,714	36,265
Weighted average number of outstanding		
common shares - diluted	37,472	37,403
Cash dividends declared and paid per		
common share	\$ 0.480	\$ 0.450

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	September 26, 1999	December 27, 1998
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 137,320	\$ 160,038
Short-term marketable investments	123,408	96,190
Accounts and notes receivable, net	162,560	126,609
Inventories:		
Finished	41,662	38,520
In process	22,506	24,526
Raw materials	32,157	34,016
Packaging materials	10,608	5,598
Total inventories	106,933	102,660
Other current assets	85,218	63,494
Total current assets	615,439	548,991
Properties, at cost and net	712,627	714,441
Long-term marketable investments	5,926	31,444
Other assets	215,454	165,722
Total assets	\$1,549,446	\$1,460,598

See notes to consolidated financial statements. (Continued)

ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	September 26, 1999	December 27, 1998
	(In thousands)	
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 209,563	\$ 143,899
Accrued expenses and other liabilities	202,929	200,013
Current portion of long-term debt	--	40,000
Total current liabilities	412,492	383,912
Long-term debt	105,000	105,000
Deferred tax liability	63,041	65,779
Other long-term liabilities	129,080	131,109
Total liabilities	709,613	685,800
Shareholders' equity:		
Capital stock:		
Preferred stock, non-voting, \$1 par value (authorized: 25,000,000 shares; issued: none)	--	--
Class A common stock, voting, \$1 par value (authorized and issued: 1,260,000 shares)	1,260	1,260
Class B common stock, non-voting, no par value, \$0.24 stated value (authorized:		

100,000,000 shares; issued: 35,594,975 in 1999 and 35,395,306 in 1998)	8,475	8,428
Total capital stock	9,735	9,688
Paid-in capital	12,735	10,505
Retained earnings	818,915	756,531
Accumulated other comprehensive loss	(1,552)	(1,926)
Total shareholders' equity	839,833	774,798
Total liabilities and shareholders' equity	\$1,549,446	\$1,460,598

See notes to consolidated financial statements. (Concluded)

ADOLPH COORS COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

	Thirty-nine weeks ended September 26, 1999 September 27, 1998	
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 80,048	\$ 58,405
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of joint ventures	(25,237)	(27,012)
Non-cash severance expense	3,725	17,176
Depreciation and amortization	92,306	86,668
Loss on sale or abandonment of properties	4,233	4,636
Impairment charge	--	2,219
Deferred income taxes	(7,815)	(6,909)
Change in operating assets and liabilities	(30,004)	1,733
Net cash provided by operating activities	117,256	136,916
Cash flows from investing activities:		
Purchases of investments	(85,970)	(49,193)
Sales and maturities of investments	83,830	49,820
Capital expenditures	(100,629)	(62,418)
Proceeds from sales of properties	1,041	2,079
Distributions from joint ventures	23,472	13,219
Other	(1,968)	(163)
Net cash used in investing activities	(80,224)	(46,656)
Cash flows from financing activities:		
Issuances of stock under stock plans	9,414	6,481
Purchases of stock	(13,308)	(26,912)
Dividends paid	(17,686)	(16,376)
Payment of current portion of long-term debt	(40,000)	(27,500)
Other	2,099	2,131
Net cash used in financing activities	(59,481)	(62,176)
Cash and cash equivalents:		
Net (decrease) increase in cash and cash equivalents	(22,449)	28,084
Effect of exchange rate changes on cash and cash equivalents	(269)	236
Balance at beginning of year	160,038	168,875
Balance at end of quarter	\$ 137,320	\$ 197,195

See notes to consolidated financial statements.

ADOLPH COORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 26, 1999

1. BUSINESS

Founded in 1873 and incorporated in Colorado in 1913, Adolph Coors Company (ACC or the Company) is the holding company for Coors Brewing Company (CBC), the third-largest U.S. brewer.

2. SIGNIFICANT ACCOUNTING POLICIES

Unaudited consolidated financial statements - In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting only of normal recurring accruals, which are necessary for a fair presentation of the financial position of the Company at September 26, 1999, and the results of its operations and its cash flows for the thirteen and thirty-nine weeks ended September 26, 1999. The accompanying financial statements include the accounts of ACC, CBC and the majority-owned and controlled domestic and foreign subsidiaries of both ACC and CBC. All significant intercompany transactions and balances have been eliminated in consolidation. These financial statements should be read in conjunction with the notes to the consolidated financial statements contained in the Company's Form 10-K for the year ended December 27, 1998. The results of operations for the thirteen and thirty-nine weeks ended September 26, 1999, are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate financial performance for the entire year.

Hedging transactions - In the normal course of business, the Company is exposed to changes in interest rates, fluctuations in the value of foreign currencies and fluctuations in production and packaging materials prices. The Company has established policies and procedures, including the use of a variety of financial instruments, to govern the management of these exposures. By policy, the Company does not enter into such contracts for the purpose of speculation or use leveraged financial instruments.

The Company's objective in managing its exposure to changes in interest rates, fluctuations in foreign currency exchange rates and fluctuations in production and packaging materials prices is to decrease the volatility of earnings and cash flows associated with changes in the applicable rates and prices. To achieve this objective, the Company primarily enters into forward exchange contracts, options and swap agreements whose values change in the opposite direction of the anticipated cash flows. Currently, the Company has partially hedged its exposures noted above for terms extending from October 1999 through March 2002. Derivative instruments related to anticipated or forecasted transactions are considered to hedge future cash flows, and the effective portion of any gains or losses are included in other comprehensive income until earnings are affected by the forecasted transaction. Any remaining gain or loss is recognized currently in earnings. The cash flows of the derivative instruments are expected to be highly effective in achieving offsetting cash flows attributable to fluctuations in the cash flows of the hedged risk. If it becomes probable that a forecasted transaction will no longer occur, the derivative will continue to be carried on the balance sheet at fair value, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. If the derivative instruments are sold or terminated prior to their expiration dates, any cumulative gains and losses are deferred and recognized in income over the remaining life of the underlying exposure. If the hedged assets or liabilities were to be sold or extinguished, the Company would recognize the gain or loss on the designated financial instruments currently in income. Instruments entered into that relate to existing foreign currency assets and liabilities do not qualify for hedge accounting in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133) as they relate to existing assets and liabilities denominated in a foreign currency. The gains and losses on both the derivatives and the related foreign-currency-denominated assets and liabilities are recorded currently in earnings.

The Company adopted FAS 133 as of January 1999. The impact of the adoption on the Company's financial position and results of operations are considered to be immaterial.

Statements of cash flows - Cash paid for interest for the nine months ended September 26, 1999 and September 27, 1998, was \$9.9 million and \$11.1 million, respectively. Cash paid for income taxes for the nine months ended September 26, 1999 and September 27, 1998, was \$43.1 million and \$34.2 million, respectively. During the nine month periods ended September 26, 1999 and September 27, 1998, ACC issued restricted common stock under its management incentive program resulting in non-cash increases to the equity accounts of \$0.3 million and \$2.5 million, respectively. Also during the third quarter of 1999 and 1998, equity was increased by the non-cash tax effects of the issuances of stock under the Company's stock plans of \$6.9 million and \$3.3 million, respectively.

Reclassifications - Certain reclassifications have been made to the 1998 financial statements to conform with the 1999 presentation.

3. SPECIAL CHARGES

During the third quarter of 1999, the Company undertook a restructuring of part of its operations, which primarily included a voluntary severance program involving its engineering and construction work force. Approximately 50 engineering and construction employees accepted severance packages under the voluntary program. Total severance and related costs were approximately \$3.7 million, which are included in the Special charges on the Company's Consolidated Statements of Income. Approximately 30% of these costs are expected to be paid out during fiscal 1999. Also included in the \$5.7 million charge is approximately \$2.0 million of special charges incurred to facilitate distributor network improvements.

4. EARNINGS PER SHARE (EPS)

Basic and diluted net income per common share were arrived at using the calculations outlined below:

Thirteen weeks ended

Thirty-nine weeks ended

	September 26, 1999	September 27, 1998	September 26, 1999	September 27, 1998
	(In thousands, except per share data)			
Net income available to common shareholders	\$21,836	\$ 9,081	\$80,048	\$58,405
Weighted average shares for basic EPS	36,747	36,218	36,714	36,265
Effect of dilutive securities:				
Stock options	610	1,125	667	1,013
Contingent shares not included in shares outstanding for basic EPS	76	131	91	125
Weighted average shares for diluted EPS	37,433	37,474	37,472	37,403
Basic EPS	\$ 0.59	\$ 0.25	\$ 2.18	\$ 1.61
Diluted EPS	\$ 0.58	\$ 0.24	\$ 2.14	\$ 1.56

The dilutive effects of stock options were determined by applying the treasury stock method, assuming the Company was to purchase common shares with the proceeds from stock option exercises.

5. OTHER COMPREHENSIVE INCOME

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 26, 1999	September 27, 1998	September 26, 1999	September 27, 1998
	(In thousands)			
Net income	\$21,836	\$ 9,081	\$80,048	\$58,405
Other comprehensive income (expense), net of tax:				
Foreign currency translation adjustments	(57)	2,135	(3,031)	1,268
Unrealized gain on available-for-sale securities and derivative instruments, net of reclassification adjustments	2,846	58	3,405	262
Comprehensive income	\$24,625	\$11,274	\$80,422	\$59,935

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Charges

During the third quarter of 1999, Adolph Coors Company (ACC or the Company), the holding company for Coors Brewing Company (CBC), recorded special charges totaling \$5.7 million, which is composed of a \$3.7 million charge primarily related to severance costs associated with restructuring the Company's engineering and construction unit, as well as approximately \$2.0 million of special charges incurred to facilitate distributor network improvements. In the third quarter of 1998, the Company recorded special charges totaling \$19.4 million, which is composed of a \$17.2 million charge primarily related to a voluntary severance program for production workers and severance costs for a small number of salaried employees, as well as a \$2.2 million charge related to the impairment of certain long-lived assets at one of its distributorships.

The Company's operating results including and excluding these special items is summarized as follows:

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 26, 1999	September 27, 1998	September 26, 1999	September 27, 1998
	(In thousands, except per share data)			
Operating income:				
As reported	\$33,477	\$13,618	\$125,309	\$ 93,263
Excluding special items	39,182	33,013	131,014	112,658

After tax income:				
As reported-net income	21,836	9,081	80,048	58,405
Excluding special items	25,330	20,912	83,543	70,236
Earnings per share:				
As reported - basic	\$ 0.59	\$ 0.25	\$ 2.18	\$ 1.61
- diluted	\$ 0.58	\$ 0.24	\$ 2.14	\$ 1.56
Excluding special items				
- basic	\$ 0.69	\$ 0.58	\$ 2.28	\$ 1.94
- diluted	\$ 0.68	\$ 0.56	\$ 2.23	\$ 1.88

Consolidated Results of Continuing Operations

Sales and volume - The Company reported net sales of \$544.0 million and \$1,559.5 million for the third quarter and first nine months of 1999, respectively, representing increases of 8.9% and 7.1%, respectively, over the same periods of 1998. Net sales for the three months ended September 26, 1999, were impacted favorably by a unit volume increase of 3.3%; CBC sold 5,754,000 barrels of malt beverages in the third quarter of 1999 compared to sales of 5,570,000 barrels in the third quarter of 1998. Net sales per barrel for the three months ended September 26, 1999, were impacted favorably by improved gross realizations per barrel due to increased pricing, reduced domestic discounting and mix improvement toward higher-net-revenue product sales. Net sales per barrel for the nine months ended September 26, 1999, were impacted by essentially the same factors, with unit volume up 2.3% over the same period of 1998.

Gross profit - Gross profit in the third quarter of 1999 rose 18.0% to \$223.5 million compared to the third quarter of 1998, while gross profit in the first nine months of 1999 rose 13.6% to \$651.3 million, compared to the same period of 1998. As a percentage of net sales, gross profit increased to 41.1% and 41.8% in the third quarter and first nine months of 1999, respectively, from 37.9% and 39.4% for the same periods a year earlier. These improvements were attributable to the increases in net sales per barrel, as discussed above, offset by significantly smaller increases in cost of goods sold of 3.4% in the third quarter of 1999 and 3.0% in the first nine months of 1999 versus the prior year. Cost of goods sold per barrel for the third quarter of 1999 increased slightly due to higher glass costs and a shift in product demand toward more expensive products and packages, including import beers sold by Coors-owned distributors. These increases more than offset lower unit costs for aluminum and paper packaging materials. Cost of goods sold per barrel for the nine months ended September 26, 1999, increased as a result of a shift in product demand toward more expensive products and packages, higher glass costs, as well as increased production and labor costs incurred in the packaging areas during the first quarter of 1999. These increases were partially offset by decreases primarily due to production leverage and reduced aluminum and paper packaging material costs.

Operating income (excluding special charges) - Operating income was \$39.2 million and \$131.0 million for the third quarter and first nine months of 1999, respectively, compared to \$33.0 million and \$112.7 million for the same periods a year earlier. These increases were primarily due to the increases in gross profit, as discussed above, offset in part by increases in marketing, general and administrative expenses. Marketing, general and administrative expenses rose primarily because of higher spending on marketing and promotions. International and related general and administrative expenses, as well as information technology expenses, were also higher in the third quarter and first nine months of 1999 compared to the same periods in 1998.

Non-operating income and expense - Net non-operating income for the third quarter and first nine months of 1999 improved from the same periods of 1998 primarily because of reductions in net interest expense. The decrease in net interest expense in 1999 compared to 1998 was attributable to an increase in capitalized interest due to increased capital spending and lower outstanding principal balances of ACC's medium-term notes.

Effective tax rate - The consolidated effective tax rate for the third quarter and first nine months of 1999 was 38.75% compared to 39.0% for the same periods in 1998.

After tax income (excluding special charges) - After tax income for the third quarter and first nine months of 1999 were \$25.3 million, or \$0.69 per basic share (\$0.68 per diluted share), and \$83.5 million, or \$2.28 per basic share (\$2.23 per diluted share), respectively. This compares to after tax income of \$20.9 million, or \$0.58 per basic share (\$0.56 per diluted share), and \$70.2 million, or \$1.94 per basic share (\$1.88 per diluted share), respectively, for the third quarter and first nine months of 1998.

Liquidity and Capital Resources

Liquidity - The Company's primary sources of liquidity are cash provided by operating activities and external borrowings. As of September 26, 1999, ACC had working capital of \$202.9 million, and its cash position was \$137.3 million compared to \$160.0 million as of December 27, 1998. In addition to its cash resources, ACC had short-term, highly liquid investments of \$123.4 million at September 26, 1999, compared to \$96.2 million at December 27, 1998. ACC also had \$5.9 million of marketable securities with maturities exceeding one year at September 26, 1999, compared to \$31.4 million at December 27, 1998. The Company believes that cash flows from operations and short-term borrowings will be sufficient to meet its ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments, anticipated capital expenditures and potential repurchases of its common stock under a previously-announced stock repurchase plan.

Operating activities - Net cash provided by operating activities was \$117.3 million for the first nine months of 1999 compared to \$136.9 million for the first nine months of 1998. Operating cash decreased approximately \$48 million as a result of the contribution made to the Company's defined benefit pension plan in January 1999, which is reflected in Other assets on the Consolidated Balance Sheets. This

contribution was made as a result of benefit improvements to the Company's defined benefit pension plan, which were effective July 1, 1999, and resulted in an increase to the projected benefit obligation of approximately \$48 million. The decrease in operating cash due to the pension contribution was offset by working capital changes, a decrease in the non-cash portion of the severance expense and an increase in depreciation and amortization. The fluctuations in working capital changes are primarily due to increased operating activity and timing of payments between the two years. The decrease in the non-cash portion of the severance expense is due to lower severance costs incurred in the 1999 restructuring of the Company's engineering and construction unit compared to the 1998 restructuring of certain production functions. Depreciation and amortization has increased over the same period of 1998 mainly due to an increase in capitalized assets in the current year.

Investing activities - During the first nine months of 1999, ACC spent \$80.2 million on net investing activities compared to spending \$46.7 million for the first nine months of 1998. The net impact of ACC's marketable investment activities was a cash outflow of \$2.1 million during the first nine months of 1999, compared to an inflow of \$0.6 million during the same period of 1998. This increase of cash outflow is mainly due to allocating more of the Company's cash resources to marketable investments. Capital expenditures increased to \$100.6 million for the nine months ended September 26, 1999, from \$62.4 million a year earlier. The increased capital spending during the first nine months of 1999 compared to the same period in 1998 is primarily due to increased spending on information technology upgrades, packaging capacity and investments by Coors-owned distributors in non-Coors brands. Further, ACC received \$23.5 million in distributions from joint ventures during the first nine months of 1999, compared to \$13.2 million during the same period of 1998.

Financing activities - ACC spent \$59.5 million on financing activities during the nine months ended September 26, 1999, compared to \$62.2 million in 1998. The 1999 uses were primarily for principal payments on debt of \$40 million, purchases of \$13.3 million of Class B common stock under the stock repurchase program and dividend payments of \$17.7 million.

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

This report contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements may include, among others, statements concerning the Company's outlook for 1999; overall volume trends; pricing trends and industry forces; cost reduction strategies and their results; the Company's expectations for funding its 1999 capital expenditures and operations; the Company's expectations for funding expenditures on computer software to make it compliant with Year 2000; and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements.

To improve its financial performance, the Company must grow premium beverage volume, achieve modest price increases for its products and reduce its overall cost structure. The most important factors that could influence the achievement of these goals -- and cause actual results to differ materially from those expressed in the forward-looking statements -- include, but are not limited to, the following:

- any inability of the Company and its distributors to develop and execute effective marketing and sales strategies for Coors and non-Coors products;
- the potential erosion of sales revenues through discounting or a higher proportion of sales in value-packs;
- a potential shift in consumer preferences toward lower-priced products;
- a continued shift in consumer preferences away from products packaged in aluminum cans, which are more profitable, toward bottled products;
- a potential shift in consumer preferences toward products and packages that would require additional capacity;
- a potential reduction in sales revenues due to decreases in sales volumes in certain key domestic and export markets;
- the intensely competitive, slow-growth nature of the beer industry;
- demographic trends and social attitudes that can reduce beer sales;
- the continued growth in the popularity of import beers;
- increases in the cost of aluminum, paper packaging and other raw materials;
- a continued shift in the competitive environment toward increased marketing and advertising spending and significant increases in the costs of marketing and advertising;
- any inability of the Company to reduce manufacturing, freight and overhead costs to more competitive levels;
- changes in significant laws and government regulations affecting environmental compliance and income taxes;

- a failure of the Company to achieve targeted improvements in CBC's distribution system;
- the imposition of restrictions on advertising (e.g., media, outdoor ads or sponsorships);
- labor issues, including union activities that could require a substantial increase in cost of goods sold or lead to a strike;
- significant increases in federal, state or local beer or other excise taxes;
- increases in rail transportation rates or interruptions of rail service;
- the potential impact of further industry consolidation and the change in the competitive environment given the sale of Stroh;
- risks associated with investments and operations in foreign countries, including those related to foreign regulatory requirements; exchange rate fluctuations; and local political, social and economic factors;
- significant increases in the estimated costs of the Year 2000 project and/or planned capital expenditures; and
- the risk that computer systems of the Company or its significant suppliers or customers may not be Year 2000 compliant.

These and other risks and uncertainties affecting the Company are discussed in greater detail in the Company's 1998 Form 10-K filed with the Securities and Exchange Commission.

Outlook

The Company's performance in the first nine months of 1999 benefited from domestic and export volume gains. Both the export and domestic volume gains are expected to continue throughout 1999, although not necessarily at the same rates experienced in the first nine months of 1999. The pricing environment is expected to continue to be favorable in comparison to the past few years with modest price increases expected in select markets in the fourth quarter of 1999. An increase in price discounting or continued value-pack activity could have an unfavorable impact on top-line performance and margins.

For fiscal year 1999 and early 2000, packaging and fixed costs per barrel are expected to be up slightly due to a shift in product demand to higher-cost products and packages, including long-neck bottles. Based on recent market prices, certain packaging materials costs are expected to increase over the next year. The Company has taken and will continue to consider measures that mitigate the volatility of key raw materials, including working with its suppliers and using financial risk management techniques. Significant changes in market prices of these items could alter this outlook. CBC continues to pursue improvements in its operations and technology functions to achieve cost reductions over time.

Marketing, general and administrative costs are expected to increase at a rate higher than the 1998 increase. Management continues to monitor CBC's market opportunities and to invest behind its brands and sales efforts accordingly. Incremental sales and marketing spending will be determined on an opportunity- by-opportunity basis. The competitive battleground has shifted to marketing and advertising, which may result in any incremental revenue generated by price increases being spent on advertising.

See the item titled Year 2000 under Contingencies, below, for a discussion of the expected financial impact of this issue.

Net interest should continue its favorable trends based on CBC's lower outstanding debt relative to 1998. Net interest could be less favorable than expected if the Company invests a substantial portion of its cash balances in operating related assets or investments with longer-term returns. Also, cash may be used to repurchase additional outstanding common stock as initially approved by the ACC Board of Directors in November 1998.

The effective tax rate for the rest of 1999 is not expected to differ significantly from the rate applied to income during the first nine months of the year. The level and mix of pretax income for 1999 could affect the actual rate for the year.

Recently, there has been a rapid expansion in market place demand for longneck bottles and value-packs. To effectively meet the increasing demand for these packages, in May 1999, the Board of Directors approved incremental capital spending of \$30 to \$45 million (including contributions to its container joint ventures for capital improvements, which will be recorded on the books of the joint ventures) increasing the Company's capital spending plan for 1999, which is in the range of \$130 to \$140 million. In addition to CBC's 1999 planned capital expenditures, incremental strategic investments will be considered on a case-by-case basis.

Contingencies

Year 2000 - Some computers, software and other equipment include programming code in which calendar year data is abbreviated to only two digits. As a result of this design decision, some of these systems could fail to operate or fail to produce correct results if '00' is interpreted to mean 1900, rather than 2000.

ACC has recognized the need to ensure that its operations will not be adversely impacted by Year 2000 software failures. The Company continues to address this issue to ensure the availability and integrity of its financial systems and the reliability of its operational systems. ACC has established processes for evaluating and managing the risks and costs associated with the Year 2000 problem. This project has two major elements -- Application Remediation and Extended Enterprise (third-party suppliers, customers and others).

As of September 26, 1999, the Application Remediation (analysis, remediation and testing) is complete. The Extended Enterprise element consists of the evaluation of third-party suppliers, customers, joint venture partners, transportation carriers and others. Detailed evaluations of the most critical third parties have been completed.

The Company has made and will continue to make any necessary investments in its information systems and applications to ensure that they are Year 2000 compliant. These investments also include hardware and operating systems software, which have been completed and tested. The financial impact to ACC is anticipated to be in the range of approximately \$12 million to \$15 million for 1999. The anticipated expenditures in 2000 are minimal. As the Year 2000 expenditures decrease, some of these resources will likely be used for other investments and, therefore, any reduction in future expense from decreased Year 2000 costs will not directly increase net income in future years. The total amount expended on the Year 2000 project through September 26, 1999, was approximately \$33.4 million.

The failure to have adequately corrected a material Year 2000 problem could result in an interruption in, or a failure of, certain normal business activities or operations. Such failures could materially and adversely affect the Company's results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of third-party suppliers, customers and others, the Company is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on its results of operations, liquidity or financial condition. The efforts undertaken with the Company's Year 2000 project are expected to significantly reduce ACC's level of uncertainty about the Year 2000 problem and provide greater assurance about the Year 2000 readiness of its Extended Enterprise.

Contingency planning for the Application Remediation and the Extended Enterprise elements began in October 1998, with final plans completed in August 1999. The Company will continue to review these contingency plans throughout the rest of the year and will continue to monitor third-party distributors for Year 2000 readiness.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, the Company is exposed to interest rates, foreign currency exchange rates and commodity prices through investments and financing arrangements, sales to foreign customers, purchases from foreign suppliers and the acquisition of production and packaging materials from both domestic and foreign suppliers. The Company has established policies and procedures that govern the management of these exposures through the use of a variety of financial instruments. The Company employs various financial instruments including forward exchange contracts, options and swap agreements to manage certain of the exposures that it considers practical to do so. By policy, the Company does not enter into such contracts for the purpose of speculation or use leveraged financial instruments.

The Company's objective in managing its exposure to fluctuations in interest rates, foreign currency exchange rates and commodity prices is to decrease the volatility of earnings and cash flows associated with changes in the corresponding rates and prices. The Company does not hedge the value of net investments in foreign-currency-denominated operations and translated earnings of foreign subsidiaries. The Company's primary foreign currency exposures are the Canadian dollar, the Japanese yen and the Spanish peseta.

A sensitivity analysis has been prepared to estimate the Company's exposure to market risk of interest rates, foreign currency exchange rates and commodity prices. The sensitivity analysis reflects the impact of a hypothetical 10% adverse change in the applicable market interest rates, foreign currency exchange rates and commodity prices. The volatility of the applicable rates and prices are dependent on many factors that cannot be forecasted with reliable accuracy. Therefore, actual changes in fair values could differ significantly from the results presented in the table below.

The following table presents the results of the sensitivity analysis of the Company's derivative portfolio:

Estimated Fair Value Volatility	As of September 26, 1999 (In millions)
Foreign Currency Risk: Forwards, Options	\$ (3.3)
Interest Rate Risk: Swaps	(2.8)
Commodity Price Risk: Swaps, Options	(10.6)

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

No significant legal proceedings.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADOLPH COORS COMPANY

By /s/ Olivia M. Thompson

*Olivia M. Thompson
Vice President, Controller
(Principal Accounting Officer)*

November 10, 1999

ARTICLE 5

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 26 1999
PERIOD START	DEC 28 1998
PERIOD END	SEP 26 1999
EXCHANGE RATE	1
CASH	137320
SECURITIES	123408
RECEIVABLES	162560
ALLOWANCES	0
INVENTORY	106933
CURRENT ASSETS	615439
PP&E	712627
DEPRECIATION	0
TOTAL ASSETS	1549446
CURRENT LIABILITIES	412492
BONDS	105000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9735
OTHER SE	830098
TOTAL LIABILITY AND EQUITY	1549446
SALES	1867579
TOTAL REVENUES	1559455
CGS	908140
TOTAL COSTS	1434146
OTHER EXPENSES	(1057)
LOSS PROVISION	0
INTEREST EXPENSE	(4325)
INCOME PRETAX	130691
INCOME TAX	50643
INCOME CONTINUING	80048
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	80048
EPS BASIC	2.18
EPS DILUTED	2.14

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 29 1996
PERIOD START	JAN 01 1996
PERIOD END	DEC 29 1996
EXCHANGE RATE	1
CASH	110905
SECURITIES	0
RECEIVABLES	114343
ALLOWANCES	0
INVENTORY	121070
CURRENT ASSETS	416642
PP&E	814102
DEPRECIATION	0
TOTAL ASSETS	1362536
CURRENT LIABILITIES	292448
BONDS	176000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9989
OTHER SE	705498
TOTAL LIABILITY AND EQUITY	1362536
SALES	2121146
TOTAL REVENUES	1741835
CGS	1131470
TOTAL COSTS	1661061
OTHER EXPENSES	(5488)
LOSS PROVISION	0
INTEREST EXPENSE	11288
INCOME PRETAX	74975
INCOME TAX	31550
INCOME CONTINUING	43425
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	43425
EPS BASIC	1.14
EPS DILUTED	1.14

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 28 1997
PERIOD START	DEC 30 1996
PERIOD END	MAR 30 1997
EXCHANGE RATE	1
CASH	106245
SECURITIES	0
RECEIVABLES	118537
ALLOWANCES	0
INVENTORY	112483
CURRENT ASSETS	423523
PP&E	791772
DEPRECIATION	0
TOTAL ASSETS	1351744
CURRENT LIABILITIES	293743
BONDS	176000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9865
OTHER SE	694608
TOTAL LIABILITY AND EQUITY	1351744
SALES	483161
TOTAL REVENUES	398781
CGS	256201
TOTAL COSTS	384430
OTHER EXPENSES	(1488)
LOSS PROVISION	0
INTEREST EXPENSE	2203
INCOME PRETAX	13636
INCOME TAX	5591
INCOME CONTINUING	8045
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	8045
EPS BASIC	.21
EPS DILUTED	.21

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 28 1997
PERIOD START	DEC 30 1996
PERIOD END	JUN 29 1997
EXCHANGE RATE	1
CASH	178501
SECURITIES	0
RECEIVABLES	167048
ALLOWANCES	0
INVENTORY	98015
CURRENT ASSETS	540381
PP&E	758123
DEPRECIATION	0
TOTAL ASSETS	1415171
CURRENT LIABILITIES	354645
BONDS	145000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9804
OTHER SE	729942
TOTAL LIABILITY AND EQUITY	1415171
SALES	1113014
TOTAL REVENUES	919366
CGS	559334
TOTAL COSTS	812781
OTHER EXPENSES	(2528)
LOSS PROVISION	0
INTEREST EXPENSE	3643
INCOME PRETAX	105470
INCOME TAX	46407
INCOME CONTINUING	59063
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	59063
EPS BASIC	1.58
EPS DILUTED	1.55

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 28 1997
PERIOD START	DEC 30 1996
PERIOD END	SEP 28 1997
EXCHANGE RATE	1
CASH	143183
SECURITIES	0
RECEIVABLES	140362
ALLOWANCES	0
INVENTORY	106839
CURRENT ASSETS	561762
PP&E	737565
DEPRECIATION	0
TOTAL ASSETS	1417132
CURRENT LIABILITIES	345202
BONDS	145000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9783
OTHER SE	737201
TOTAL LIABILITY AND EQUITY	1417132
SALES	1706759
TOTAL REVENUES	1408857
CGS	861492
TOTAL COSTS	1270445
OTHER EXPENSES	(2232)
LOSS PROVISION	0
INTEREST EXPENSE	4034
INCOME PRETAX	136610
INCOME TAX	60108
INCOME CONTINUING	76502
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	76502
EPS BASIC	2.05
EPS DILUTED	2.05

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 28 1997
PERIOD START	DEC 30 1996
PERIOD END	DEC 28 1997
EXCHANGE RATE	1
CASH	168875
SECURITIES	42163
RECEIVABLES	124485
ALLOWANCES	0
INVENTORY	106479
CURRENT ASSETS	517194
PP&E	733117
DEPRECIATION	0
TOTAL ASSETS	1412083
CURRENT LIABILITIES	359146
BONDS	145000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9736
OTHER SE	726832
TOTAL LIABILITY AND EQUITY	1412083
SALES	2207384
TOTAL REVENUES	1821304
CGS	1131610
TOTAL COSTS	1673911
OTHER EXPENSES	(3942)
LOSS PROVISION	0
INTEREST EXPENSE	4442
INCOME PRETAX	146893
INCOME TAX	64633
INCOME CONTINUING	82260
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	82260
EPS BASIC	2.21
EPS DILUTED	2.16

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 27 1998
PERIOD START	DEC 29 1997
PERIOD END	MAR 29 1998
EXCHANGE RATE	1
CASH	150765
SECURITIES	47261
RECEIVABLES	128983
ALLOWANCES	0
INVENTORY	91995
CURRENT ASSETS	491023
PP&E	719906
DEPRECIATION	0
TOTAL ASSETS	1366636
CURRENT LIABILITIES	347102
BONDS	130000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9598
OTHER SE	711529
TOTAL LIABILITY AND EQUITY	1366636
SALES	501014
TOTAL REVENUES	414145
CGS	262329
TOTAL COSTS	399149
OTHER EXPENSES	(312)
LOSS PROVISION	0
INTEREST EXPENSE	(735)
INCOME PRETAX	16043
INCOME TAX	6257
INCOME CONTINUING	9786
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	9786
EPS BASIC	.27
EPS DILUTED	.26

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 27 1998
PERIOD START	DEC 29 1997
PERIOD END	JUN 28 1998
EXCHANGE RATE	1
CASH	192905
SECURITIES	39032
RECEIVABLES	153676
ALLOWANCES	0
INVENTORY	89823
CURRENT ASSETS	541267
PP&E	711950
DEPRECIATION	0
TOTAL ASSETS	1406444
CURRENT LIABILITIES	364358
BONDS	120000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9601
OTHER SE	745566
TOTAL LIABILITY AND EQUITY	1406444
SALES	1155907
TOTAL REVENUES	956089
CGS	572117
TOTAL COSTS	876444
OTHER EXPENSES	(886)
LOSS PROVISION	0
INTEREST EXPENSE	(328)
INCOME PRETAX	80859
INCOME TAX	31535
INCOME CONTINUING	49324
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	49324
EPS BASIC	1.36
EPS DILUTED	1.32

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 27 1998
PERIOD START	DEC 29 1997
PERIOD END	SEP 27 1998
EXCHANGE RATE	1
CASH	197195
SECURITIES	49543
RECEIVABLES	138165
ALLOWANCES	0
INVENTORY	97473
CURRENT ASSETS	545478
PP&E	707483
DEPRECIATION	0
TOTAL ASSETS	1417447
CURRENT LIABILITIES	382538
BONDS	105000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9645
OTHER SE	755886
TOTAL LIABILITY AND EQUITY	1417447
SALES	1758597
TOTAL REVENUES	1455449
CGS	882110
TOTAL COSTS	1362186
OTHER EXPENSES	(1058)
LOSS PROVISION	0
INTEREST EXPENSE	(1425)
INCOME PRETAX	95746
INCOME TAX	37341
INCOME CONTINUING	58405
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	58405
EPS BASIC	1.61
EPS DILUTED	1.56

ARTICLE 5

RESTATED:

CIK: 0000024545

NAME: ADOLPH COORS COMPANY

MULTIPLIER: 1000

CURRENCY: USD

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 27 1998
PERIOD START	DEC 29 1997
PERIOD END	DEC 27 1998
EXCHANGE RATE	1
CASH	160038
SECURITIES	96190
RECEIVABLES	126609
ALLOWANCES	0
INVENTORY	102660
CURRENT ASSETS	548991
PP&E	714441
DEPRECIATION	0
TOTAL ASSETS	1460598
CURRENT LIABILITIES	383912
BONDS	105000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	9688
OTHER SE	765110
TOTAL LIABILITY AND EQUITY	1460598
SALES	2291307
TOTAL REVENUES	1899518
CGS	1160678
TOTAL COSTS	1795699
OTHER EXPENSES	(4948)
LOSS PROVISION	0
INTEREST EXPENSE	(2333)
INCOME PRETAX	111100
INCOME TAX	43316
INCOME CONTINUING	67784
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	67784
EPS BASIC	1.87
EPS DILUTED	1.81

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